

98-593-GA-COI et al.

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various other stakeholders including gas marketers interested in Columbia's program. In its application, Columbia states that 49,322 residential and 5,337 commercial customers in the Toledo area are currently participating in the program. Columbia, with the support of the Collaborative, proposes certain changes to the current pilot program which it believes will enhance the program and provide for a smoother transition for implementation on a statewide basis.

Columbia filed its initial one-year report on December 31, 1997 and a supplemental report on April 13, 1998. East Ohio filed its first year report on April 1, 1998. In its report, East Ohio states that, as of March 1998, a total of 33,465 residential customers (including PIPP) and 2,329 nonresidential customers have selected gas marketers under the program. CG&E's one-year report was filed on March 31, 1998 and states that, as of March 1998, a total of approximately 8,000 residential and 3,100 nonresidential customers have selected gas marketers under the program. On April 1 and April 9, 1998, the Commission conducted public forums on the gas choice programs and received oral comments from gas utility companies, marketers, public officials, and other stakeholders. The transcripts from those forums have been docketed in the above-captioned COI cases and are part of the formal record in this proceeding.

On May 13, 1998, the Commission issued an entry initiating the above-captioned Commission-ordered investigations and requesting interested parties to file comments, by May 29, 1998, regarding the staff's report on the performance of the three pilot programs, which was expected to be issued by May 15, 1998. The staff's two-volume report was issued, as expected, on May 15, 1998. Volume I of the report addresses issues related to consumer outreach, utility company requirements, marketer participation, and market performance, while Volume II contains consumer research and survey data collected by the staff during the course of its investigation.

On May 26, 1998, East Ohio submitted a letter in response to the staff's proposal that East Ohio adopt Columbia's method of billing budget customers (i.e., buying the receivables). East Ohio stated that the staff's suggestion alone would not solve the billing problems being experienced by East Ohio. East Ohio claims that its new CAMP billing system, which is intended to resolve the company's Year 2000 requirements, must be fully in place before East Ohio can make additional billing modifications associated with its Energy Choice program. East Ohio has also indicated that, although it had hoped to expand the program throughout Cuyahoga County by this fall, it is now highly unlikely that it will be able to do so because of the ongoing billing problems. East Ohio requests that the Commission not require additional expansion of East Ohio's program until the company is certain that the billing problems have been solved and that the program can be expanded successfully.

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Parma has not participated in any of the Collaborative discussions subsequent to June 1994. The other parties listed have continued to participate in Collaborative discussions. However, the Greater Cleveland Schools Council of Governments is now known as the Ohio Schools Council and Enron Access Corporation is now known as Enron Energy Services, Inc.

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Comments regarding the staff's report were filed on May 29, 1998 by Stand Energy Corporation (Stand), Dayton Power & Light Company (DP&L), CC&E, CNG Retail Services Corporation dba East Ohio Energy (EOE), East Ohio, The Columbia Collaborative (Collaborative),<sup>2</sup> Columbia, Columbia Energy Services Corporation (CES), Volunteer Energy Corporation (Volunteer), Enron Energy Services (Enron), and the Ohio Consumers' Counsel (OCC). On June 3, 1998, Interstate Gas Supply, Inc. (Interstate) filed its comments along with a request for leave to late-file the comments. Interstate's request for leave to late-file its comments shall be granted.

## II. COLUMBIA'S APPLICATION FOR EXPANSION OF PROGRAM

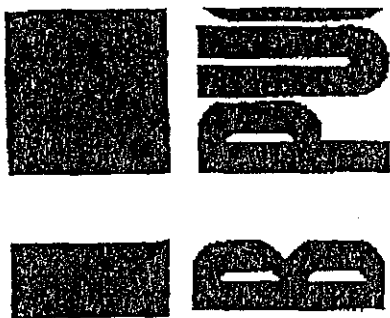
On March 31, 1998, after lengthy discussions with various stakeholders, Columbia filed an application requesting approval for the statewide implementation of its customer choice program. Columbia proposes to make several changes to its existing program upon expansion of the program statewide.

With regard to marketer billing options, Columbia proposes to permit marketers to offer a single billing service to any program participant. Columbia will provide a backup memo bill to customers in order to ensure a seamless transition from company billing to marketer billing. Another change involves customer enrollment. In order to reduce administrative burden and costs to both marketers and the company, Columbia proposes that a marketer no longer be required to provide Columbia with a copy of a written customer consent form within 30 days of notifying Columbia of a customer's intent to participate in the program as a customer of that marketer. Instead, Columbia proposes that marketers obtain either written or telephonic enrollment from customers, and that within three business days of a request from Columbia, marketers be required to provide Columbia with written or tape-recorded documentation of a customer's consent to service by the marketer.

Columbia's proposal also reduces the minimum number of customers or volumes of gas to qualify for participation in the program. The plan is to reduce the number of customers or volumes from 200 customers or 20,000 Mcf to 100 customers or 10,000 Mcf. Further, Columbia proposes that a marketer be permitted to consolidate residential and commercial customers and volumes for purposes of aggregation and billing. These modifications will help address problems associated with the lag between the time that some customers enroll with a marketer and the time that marketer has achieved the minimum number of customers or volumes. With regard to large "human needs" customers, Columbia proposes to add a new rate that will allow these customers to use gas transportation service.

Further, Columbia proposes to continue to offer marketers the option to take capacity assignment after statewide expansion of the program. If a marketer chooses not to take assignment of Columbia's capacity, and if the volumes transported by the

<sup>2</sup> Staff did not participate in Collaborative comments to staff's report.



# **STAFF EVALUATION OF OHIO'S NATURAL GAS CUSTOMER CHOICE PROGRAMS:**

**COLUMBIA GAS OF OHIO  
EAST OHIO GAS, AND  
CINCINNATI GAS AND ELECTRIC COMPANIES**

**PUCO Case Nos. 98-593-GA-COI  
98-594-GA-COI  
98-595-GA-COI  
98-549-GA-ATA  
96-1113-GA-ATA  
96-1019-GA-ATA  
95-656-GA-AIR**

## **VOLUME I**

**SUBMITTED BY THE STAFF  
OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

PUCO STAFF EVALUATION  
OF OHIO'S  
NATURAL GAS CUSTOMER CHOICE PILOT PROGRAMS

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## SECTION 1 EXECUTIVE SUMMARY

This report presents the results of the Staff's evaluation of the Natural Gas Customer Choice Pilot Programs<sup>1</sup> of the Cincinnati Gas and Electric Company, Columbia Gas of Ohio, and the East Ohio Gas Company. Staff evaluated each Company's program by measuring customer awareness, acceptance and satisfaction, monitoring utility activities, and by tracking gas marketer participation and reviewing their comments about program operations. Staff recommendations are for the Commission's consideration in determining the possible expansion of the Choice programs.

Volume I of this Report contains this Executive Summary and four additional sections. Discussion of customer education is provided in Section Two. Section Three is an evaluation of the impact of the Choice programs on utility operations and discusses potential changes in the current regulatory rules. The fourth section highlights issues raised by participating marketers. Finally, Section Five presents monthly participation rates and other program statistics, including a study of market concentration.

Volume II is a report of the Staff's research measuring consumer attitudes and expectations of the Choice programs. Volume II is a follow-up study to an early baseline survey that established customer expectations regarding the Choice programs. Staff reviewed over 2,000 residential and nearly 1,500 business survey responses in compiling the data found in Volume II.

### Background

Customer Choice programs are intended to promote competition in the supply of natural gas to all Ohioans. The goal is to make gas transportation service (long available to industrial customers) a competitive alternative for residential and small commercial consumers. The Choice programs allow gas marketers to compete with the Local Distribution Company (LDC) in supplying natural gas to customers. Choice Programs provide the customers a choice as to who will supply his/her natural gas needs.

Choice does create changes in the resolution of certain customer service issues. Delivery and gas safety questions remain to be addressed by the LDC, but Choice customers would direct supply and price issues to their selected marketer. Marketers participating in these Choice programs signed agreements with each LDC describing their operations and charges for service.

Marketers also had to agree to comply with a code of conduct to participate in the Choice program. The Code requires marketers to:

1. Refrain from fraudulent, deceptive, or misleading practices;

<sup>1</sup> This report will refer to all three evaluated programs as Choice or Customer Choice programs.

*Code of  
Conduct -  
from  
where?*

2. Provide clear and understandable marketing information;
3. Establish dispute resolution procedures; and
4. Provide a contact address and phone number.

All participating marketers were required to meet with Staff before providing service. Staff reviewed marketer advertising, customer education materials, and dispute resolution procedures.

### **Columbia Gas of Ohio Gas**

The first phase of the Customer Choice pilot program, which has operated for one year in the greater Toledo area, began April 1, 1997. Columbia Gas of Ohio filed an initial request to offer its Choice program on October 17, 1996 in Case No. 96-1113-GA-ATA. An amended application was filed on January 3, 1997. Authorization for the program was granted by the Commission in an Opinion and Order issued January 9, 1997. This Opinion and Order noted that Columbia Gas of Ohio discussed the program with members of the Columbia Collaborative and guaranteed additional meetings to resolve any pertinent matters involving the Choice program. About 160,000 residential and 11,500 small business customers in Lucas and parts of Wood and Ottawa Counties are eligible to participate in the Customer Choice Program. A small business customer is defined as one who consumes less than 2,000 mcf per year.

### **Cincinnati Gas and Electric Gas Company**

The Commission's December 12, 1996, Opinion and Order in Case No. 95-656-GA-AIR directed the Cincinnati Gas & Electric Company to meet with independent gas marketers and other interested parties to develop acceptable firm transportation tariffs for residential and small commercial customers. CG&E and intervenors subsequently submitted a stipulation and proposed tariffs to comply with the order, and the Commission approved the modified stipulation on July 2, 1997. The resulting customer choice pilot program was designed to give all 360,000 CG&E residential and small business customers competitive options in selecting their natural gas supplier.

### **The East Ohio Gas Company**

On September 25, 1996, the East Ohio Gas Company filed with the Commission a request to implement its proposed Core Market Aggregation Service. The proposed phased-in, program will allow all East Ohio Gas customers to choose their gas supplier. The Commission opened a hearing on the application April 7, 1997, and continued the hearing to May 21, 1997. On May 16, 1997, the Company and the Commission's Staff signed a stipulation and recommendation, resolving all issues between them concerning the program's terms and conditions and limiting the pilot to the 160,000 residential and 12,000 commercial customers on the Canton and Marietta distribution systems. The first phase of the pilot program, which was to run for one year in a 10-county region in the Marietta and Canton areas, began October 1, 1997.

## Recommendations

This report was prepared as a PUCO Staff work product. Specific recommendations to the Commission have been made throughout the report although attempts were made to offer reasonable alternatives where practical. None of the findings and recommendation contained herein should be considered binding on the Commission.

Staff recommends that the Columbia Gas Customer Choice Program be expanded and the Cincinnati Gas & Electric Customer Choice program be continued system wide for the 1998 - 1999 heating season. Staff recommends the East Ohio Gas program be expanded to include Cuyahoga County for the 1998 - 1999 heating season and further expanded system wide no later than the second quarter of 1999. The reasons for the different recommendation for the East Ohio program are explained in the "Billing Options" and "Capacity Assignment" parts of Section 4 of this Report. In addition to these overall recommendations, the Report presents additional specific recommendations for enhancements to the program for the Commission's consideration prior to system wide expansion. The recommendations include reforms to the Gas Cost Recovery (GCR) process and the continuation and expansion of the PUCO's "Apples to Apples" price comparison information. Finally, we recommend that there be an ongoing review of the progress of development of the customer choice programs through the GCR review process. Staff also wishes to commend the LDCs and marketers participating in the pilot programs for their efforts in working together to improve the efficiency and viability of the programs.

Additional copies of this Report are available by contacting the PUCO's Docketing Division at (614) 466-4095. The Report is also available on the PUCO's website at <http://www.puc.state.oh.us>.

GCI Ex. 4.2

January 15, 2001

WALL Street Journal  
Georgia's Gas Deregulation Is Messy,  
But Offers a Lesson to Other States

By KELLY GREENE and RICK BROOKS  
Staff Reporters of THE WALL STREET JOURNAL

For 13 consecutive months after Georgia deregulated natural-gas service,

Mark McBee didn't receive a bill. Then they all arrived on the same day

--  
from a company that he says signed him up without his permission.

"I support anything that is deregulated from government control, but these companies have really blown it," says Mr. McBee, who lives in Duluth, Ga., and is Hertz Corp.'s director of properties in the Southeast.

When Georgia became the first state to completely deregulate natural-gas service in 1998, the new competition was supposed to bring better service and lower bills. But the results so far have been such a mess that many consumers long for a return to the old monopoly.

Angry gas users have swamped state utilities regulators with more than 16,000 complaints since Georgia let 15 companies start selling natural gas directly to consumers. Many customers claim their bills are higher, even excluding the recent surge in natural-gas prices. Many statements arrive months late -- if at all. Three natural-gas retailers have filed for bankruptcy-court protection, and others have quit the business, leaving the survivors to absorb a financial and public-relations beating.

"If they ever deregulate electricity here, I'll have to find another state to live in," says Bob Durden, exiting chairman of



Georgia's Public Service Commission,  
the state agency overseeing gas  
marketers.

Georgia's natural-gas companies acknowledge many of the problems, and say they are working hard to fix them. "There have been significant improvements just since summertime in reducing complaints," says Roger Schrum, spokesman for one gas marketer, Scana Energy, a unit of Scana Corp. of Columbia, S.C. "The marketers are responding to their customers

and getting their billing systems worked out."

But just as California's disastrous experience with deregulation of electricity leads other states to have second thoughts on deregulation, Georgia's experience is a lesson for some two dozen other states in the process of at least partially deregulating natural-gas service.

"Other states need to be careful about moving ahead so fast," says Kenneth W. Costello, a senior economist at Ohio State University's National Regulatory Research Institute.

While the situation isn't as dire as in California, where the state is trying to rescue two leading utilities and keep electricity flowing, it will be hard to erase the widespread perception that Georgia botched the deregulation of natural gas.

A review of hundreds of e-mail messages to Georgia's utilities commission reveals that many customers simply can't figure out what they are paying for, and that the marketers made the situation worse with haphazard billing.

John Harkins, who lives in Rome, Ga., says Georgia Natural Gas, a unit of SouthStar Energy Services LLC, which is partly owned by the former monopoly gas provider, mistakenly shut off his gas right before Christmas in 1999.

When the temperature in his house fell below 50 degrees, "I finally took a hacksaw and broke off the lock and turned the heat on myself," he says. Then in October, Mr. Harkins got 12 bills at once, including one with a \$600 error.

A spokesman for Georgia Natural Gas says there is no record that the company directed anyone to disconnect Mr. Harkins's gas service.

The company "acknowledges fully that it made a mistake" with his bill, but it corrected it and set up a payment plan "with no interest or late fees of any kind," the spokesman adds.

Ironically, the gas marketers' initial popularity was the trigger for many customers' current woes. When the marketers entered Georgia, they promised such perks as \$50 of free groceries or frequent-flier miles. Residential customers signed up quickly. The marketers -- which included start-ups -- were overwhelmed by the response. Their billing systems and customer-service staffs couldn't handle the onslaught.

Residential and small-business customers also complain that the new system's fixed overhead charges often are significantly higher than their entire bill used to be, notes James Hurt, Georgia's consumer utility counsel for five years before he recently took another job in the state's consumer-affairs office.

### Profit Pipeline

Those fixed charges go to Atlanta's AGL Resources Inc., parent of the utility that lost its monopoly but still maintains pipelines and delivers gas.

Clayton Preble, an AGL senior vice president, defends its fees as reasonable, but acknowledges that a change in the way it billed customers "turned out to be a source of discomfort." That change, which resulted in hefty bills during summer months when customers use little gas, will be

undone next month.

Meanwhile, embarrassed state officials are scrambling to fix other snafus. In December, the utilities commission beefed up its rules to give consumers as much time to pay late bills as it takes for a marketer to send them.

Mr. Durden, who opposed deregulation, has been trying to drum up support among state lawmakers for a cap on fees charged to residential and small-business customers for gas delivery. Georgia lawmakers are debating whether to make changes to the state's deregulation law, and have asked utility commissioners to come back to them later this month with specific ideas.

But state officials hold little hope for a complete fix. Since the circumstance that triggered the shift in the first place -- the federal government's deregulation of gas delivery to industrial customers -- isn't changing, "it would be very difficult to put the genie back in the bottle," says Georgia Sen. Sonny Perdue, a Democrat who led the deregulation effort.

The gas industry wants to stay the course. New price caps could force marketers out of business, they claim, since rising wholesale gas prices could make it impossible for the companies to break even. As prices climb, some Georgia gas users who locked in at fixed rates might wind up better off than customers in highly regulated states where utilities simply pass along price increases, says Tim Sheehan, Southeast business manager of Shell Energy Services Co., a unit of Royal Dutch/Shell Group.

### Confusion Reigns

Unlike the 23 other states in the midst of deregulating gas service, Georgia forced all residential customers to choose a marketer, rather than giving them an option to remain a customer of AGL's 144-year-old Atlanta Gas

Light Co. unit.

The result: widespread dismay. A survey last year by Xenergy Inc., a Burlington, Mass., consulting firm, showed 46% of Georgia's gas customers wish deregulation never happened.

Mr. Hurt, the consumer watchdog, says he has had billing snafus of his own.

But he worries what will happen to customers so confused by their bills that

they are refusing to pay. For example, Nancy Rietman, an insurance-risk manager who lives in Powder Springs, Ga., estimates she has spent 20 or 30 hours on the phone with two different gas marketers trying to make sense of her family's monthly bills. For several months, it looked as if Scana

Energy wasn't applying all her payments to the family's balance due. She

finally gave up. "I just kept paying what they said I owed them," she says,

figuring she probably paid Scana about \$520 more than she actually owed.

Fed up, Mrs. Rietman dumped Scana in October, switching to Georgia Natural Gas. Then another Scana bill arrived in the mail for \$78.64 -- with

no details on what she is being charged for. "We're not paying them until we

know what we're paying for," she says.

Mr. Schrum, the Scana Energy spokesman, concedes a mix-up over Mrs. Rietman's address led to a four-month delay in sending her family's first bill.

But he adds that Scana worked with her to develop a workable payment plan and still expects her to pay the final bill. "They still owe us," he says.

Write to Kelly Greene at [kelly.greene@wsj.com](mailto:kelly.greene@wsj.com)1 and Rick Brooks at [rick.brooks@wsj.com](mailto:rick.brooks@wsj.com)2

**Barbara R. Alexander**

**From:** Gerry Norlander [ganorlander@pulp.tc]  
**Sent:** Tuesday, January 02, 2001 8:09 AM  
**To:** Barbara R. Alexander (E-mail)  
**Subject:** FW: Gas Marketer Failure in Va PMA OnLine Power Report Com

-----Original Message-----

**From:** GANRLNDR@aol.com [mailto:GANRLNDR@aol.com]  
**Sent:** Friday, December 29, 2000 11:03 AM  
**To:** GANORLANDER@pulp.tc  
**Subject:** Gas Marketer Failure in Va PMA OnLine Power Report Com

## **Customer-Choice Pilot Program Loses First Licensed Energy Supplier**

( December 29, 2000 )

United Energy of Virginia, a victim of the high-flying natural-gas market, has become the first competitive energy supplier licensed by the state of Virginia to announce it will close its doors. **What that means is 1,600 natural gas customers, including 97 businesses, in Northern Virginia will lose their gas supplier on Jan. 1 and be forced back to their utility company at much higher rates.** Consider United's story as a preview of what lies ahead for some consumers when natural gas and electricity rates for all Virginians are set by competition rather than by government regulation. Some competitors will fail. Some customers may suffer. For three years, United has been supplying gas to consumers in the Manassas area as part of the customer-choice pilot program of Columbia Gas of Virginia, the state's largest gas distribution utility. Columbia launched the experimental program in late 1997 to see what benefits competition among suppliers might bring to the residential and business customers to whom it delivers gas over local pipelines. Washington Gas operates a similar pilot program in Northern Virginia, and Dominion Virginia Power and American Electric Power have begun pilot programs for some of their electricity customers. **United, a subsidiary of a Maryland propane distributor, was called before the State Corporation Commission last week for breaking state rules for licensed competitive gas suppliers. Although other gas companies have exited the Columbia pilot (one without any notice to customers), United is the first licensed supplier operating under state rules to pull out. The staff of the SCC's energy division had charged United with failing to give customers the required 30 days' notice before cutting them off. Most customers began receiving their notices around Dec. 12 but service is to end Jan. 1. The commission rejected United's request for a waiver from that rule and also took away United's license to sell natural gas in Virginia. But the commission rejected the staff's request that it enjoin United from cutting off customers until Jan. 12, the end of the required 30-day notice period. It noted that customers who feel harmed can bring their own legal action against the company.** Robert Blake, manager of United's natural gas division, told the commission that on Nov. 29 its contracted supplier, VP Energy, notified United that it was closing its doors. That, Baker said, left him to scramble to find gas on the open market to supply United's customers in December. United then sought Columbia's help in finding a gas supplier

for 2001, but an explosion in natural gas prices in mid-December made it impossible to find another supplier at rates that would allow the company to serve its customers without losing enormous sums of money. Spot prices for natural gas, less delivery charges, were running well over \$10 per 1,000 cubic feet at mid-month and futures prices for January delivery were setting records at over \$9 per 1,000 cubic feet. Prices have dropped off some since then but are still roughly three times above last year's levels. While United found a couple of willing suppliers for next year, what they would charge for gas far exceeds the price at which United has contracted to sell gas to consumers. "It became evident . . . that we had to exit the market," Blake said. Blake said his company would lose up to \$300,000 in January if it had to continue supplying gas under terms of current agreements with its customers. Although the SCC staff wanted United to stay in business through Jan. 12, that would have meant through the end of January because United commits gas to the Columbia system on a monthly basis, Blake said.

What all this means for many of United's residential customers is that beginning Jan. 1, they will be paying Columbia Gas of Virginia \$14 per 1,000 cubic feet of gas, which includes delivery charges, rather than the \$7.25 they had contracted to pay United. They don't have the option of switching to another competitive supplier, because none is taking on new customers. That may sound unfair and confusing. Competition among energy suppliers isn't going to be as simple, relatively speaking, as competition among phone companies. Prices are going to be more volatile for energy for a variety of reasons, including the impact of weather and the variability of supply.



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The Ohio Consumers' Counsel

# News & Alerts

Residential Utility Advocate

## FOR IMMEDIATE RELEASE

### The Ohio Consumers' Counsel Files Complaints Against Natural Gas Suppliers Participating in Ohio's Choice Programs

Contact:  
Carah Brody (614) 466-9547

COLUMBUS, Ohio, Feb. 6, 2001 - The Ohio Consumers' Counsel (OCC), the residential utility advocate, filed two similar complaints today with the Public Utilities Commission of Ohio (PUCO) against suppliers participating in Ohio's natural gas choice programs. The complaints against Summit Natural Gas, Inc., and The Energy Cooperative, Cinery Resources, Inc. and Licking Rural Electrification, Inc., both allege violations of choice program tariffs and Ohio law.

This marks the fourth time since October 2000 that the OCC has taken action against suppliers in Ohio's natural gas choice programs. Last fall, the OCC filed a complaint with the PUCO against Energy Max requesting the PUCO find Energy Max in violation of Columbia's tariff by failing to deliver natural gas to its 8,000 residential customers for the month of August. In December the OCC filed a lawsuit against D&L Gas Marketing, a participant in the Columbia Gas CHOICE® program, for breaching service contracts with more than 4,500 of its residential consumers.

The OCC's complaint against Summit is a result of an investigation and unsuccessful attempts at negotiating a resolution with the supplier on behalf of its 3,100 residential customers. Columbia Gas terminated Summit on December 28, 2000 from its Customer CHOICE® program for failure to deliver gas to its customers from Dec. 6 through Dec. 12.

OCC's complaint alleges that when Summit served residential consumers under one and two year fixed rate contracts, as well as variable rate contracts. Summit's rates ranged from \$3.39 per thousand cubic feet to \$6.64 per thousand cubic feet.

The complaint also alleges that Summit failed to deliver natural gas, Columbia Gas was forced to step in and serve Summit customers at its higher regulated rate. At that time, customers reverted to Columbia Gas, whose rate was 73.75 cents per hundred cubic feet. Today, the Columbia Gas regulated rate is 86.478 per hundred cubic feet.

Customers who were returned to Columbia Gas continue to have the option of remaining with the company or choosing another natural gas supplier.

Robert S. Tongren, Consumers' Counsel said, "the OCC remains supportive of the opportunity to choose a natural gas supplier, however the recent volatility of the market precludes residential consumers from viable options."

The OCC also filed a complaint against The Energy Cooperative, Cinergy Resources and Licking Rural Electrification for failure to deliver gas and several other alleged tariff violations. All three companies are named in the complaint because the OCC believes each one was somehow involved in providing natural gas to the residential consumers involved in this dispute.

The complaint alleges that The Energy Cooperative sent a letter to its 14,000 residential customers in September 2000 notifying them that their gas supply agreement would be terminated on October 31, 2001, thereby prematurely transferring customers back to CG&E's higher market rate.

After initial negotiations with The Energy Cooperative, the complaint alleges that the supplier returned a substantial number of fixed rate customers back to their original contracted offers. However, OCC alleges that the company failed to return all affected customers to the fixed rate they had contracted to receive and made no attempt to compensate customers for the time they were being billed the higher market rate through CG&E.

The complaint further alleges that in January 2001, The Energy Cooperative again violated the CG&E choice program tariffs by failing to deliver gas to its customers since the first of the year. As a result, The Energy Cooperative was terminated from the choice program and all of the company's customers were returned to CG&E's service. At the time of The Energy Cooperative's termination customers were on a fixed rate contract with an average rate of \$3.40 per thousand cubic feet, CG&E's rate was \$7.41 per thousand cubic feet.

The OCC requests the PUCO find that the companies involved in both complaints acted inappropriately and in violation of natural gas choice tariffs and Ohio law, thereby giving OCC the opportunity to file a lawsuit in common pleas court seeking monetary damages for affected consumers.

The OCC monitors all of Ohio's natural gas choice programs to protect more than 3 million natural gas customers statewide. On January 19, the OCC filed a petition with the PUCO requesting that it conduct a review of the state's natural gas choice programs, which have faced significant setbacks. The OCC is concerned that even though customers in the Columbia Gas of Ohio Customer CHOICE® program have saved \$90 million as a result of choosing a new gas supplier, consumers are left disillusioned that the program has failed.

"We are doing everything within our power to ensure the safety and success of Ohio's natural gas choice programs and will continue to seek appropriate compensation for each and every consumer affected by natural gas suppliers that fail to provide reliable natural gas service," said Tongren.

The Ohio Consumers' Counsel (OCC) is the legal representative and residential consumer utility advocate serving as a resource for individuals who have questions and concerns, or would like more information, about the services provided by their publicly owned electric, natural gas, telephone and water companies. The agency also educates consumers about utility issues and resolves complaints from individuals. To receive a listing of natural gas suppliers in the Columbia Gas area, request utility information brochures, schedule a presentation or file a utility complaint, residential consumers may contact 1-877-PICKOCC (1-877-742-562).



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The Ohio Consumers' Counsel - residential utility advocate  
10 West Broad Street, Suite 1800, Columbus, Ohio 43215-3485  
1-877-742-5622 (toll-free in Ohio) or 614-466-9605

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## The Ohio Consumers' Counsel

# News & Alerts

### Residential Utility Advocate

#### FOR IMMEDIATE RELEASE

#### OHIO CONSUMERS' COUNSEL FILES LAWSUIT AGAINST NATURAL GAS SUPPLIER

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**COLUMBUS, Ohio, Dec. 8, 2000** - The Ohio Consumers' Counsel (OCC), the residential utility advocate, filed a lawsuit today in the Franklin County Court of Common Pleas against D&L Gas Marketing, a natural gas supplier based in Youngstown, Ohio. The lawsuit alleges D&L breached its contracts with more than 4,500 customers in the Columbia Gas of Ohio Customer CHOICE® program.

The action is a result of an investigation and unsuccessful attempts at negotiating a resolution with D&L. The OCC's complaint alleges that under the terms and conditions of D&L's contract, the company was allowed to terminate service with a customer at the end of the initial 12-month contract term or if a customer failed to make payments. Because D&L withdrew from the program and did not follow its conditions for termination, the OCC believes that D&L has breached its contract with 4500 residential consumers. Therefore, the OCC is seeking a judgment declaring D&L in violation of Ohio law and awarding monetary damages to all affected customers.

In late July, early August, D&L sent a letter to each of its 4,500 customers giving notice that as of November 1, 2000 the company would withdraw as a natural gas supplier from the Columbia Gas choice program. Customers, who had enrolled under a 12-month service contract, were given 90 days to switch to another natural gas supplier or be returned to Columbia Gas at its higher regulated rate.

Customers of D&L had contracts with fixed rates between \$0.37 per ccf and \$0.48 per ccf. Customers who did not select another supplier were returned to Columbia Gas and were subject to its November 1 rate of \$0.74 per ccf. "D&L's actions have caused financial harm to its customers. As the residential utility advocate the OCC is determined to see that all affected customers receive the compensation they deserve," said Robert S. Tongren, Consumers' Counsel.

This marks the second time since October that the OCC has sued a natural gas

supplier in the Columbia Gas choice program for failure to meet contractual obligations. The OCC filed a complaint with the Public Utilities Commission of Ohio (PUCO) on October 27, 2000 against Energy Max for failure to provide reliable service and gas supply to its customers for the month of August 2000.

"We cannot allow someone to jeopardize the economic democracy that this choice program has provided Ohio consumers," Tongren said. "Too many people have worked too hard to make Ohio's program a national model. We are taking this action now to maintain the integrity of the choice program."

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